

# 2<sup>nd</sup> Keeneland Public Health Systems and Services Research Conference



***Lexington, KY***  
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***Director***

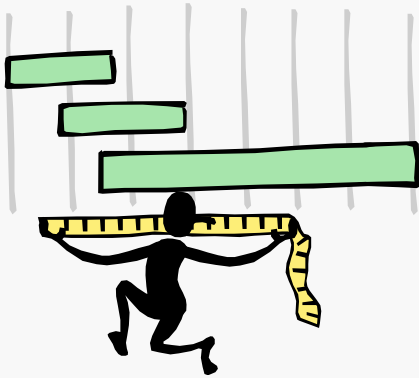
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# **Updates: Activities**

- **Ratio Analysis**
  - Spreadsheet revisions
  - State training workshops
  - Instruction manual
  - APHA Panel of Demonstration Projects
- **Finance and Quality**
  - Implementation tools/publications
  - Economic and financial indicators
- **2009 APHA Learning Institute**
  - *“Proactive Financial Management Practices to Reduce the Negative Impact of a Financial Downturn”*



# Updates: Research

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# Dedicated Ad Valorem (Property) Taxation for Public Health: Investigating for Impacts in the Mississippi Delta Region



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# Components

I. Legal and Historical

II. Descriptive

III. Statistical Analysis



# **The Historic and Modern Use of Ad Valorem (Property) Taxes to Finance State and Local Public Health Services and Functions in the United States**

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# Traditional Role of Local Ad Valorem Taxes



- An ad valorem tax is a tax assessed directly on real property within a municipality (e.g., city, county, borough) based on a fixed proportion of real property's value (e.g., 1/100 of value).
- State laws may limit how municipalities can assess ad valorem taxes and at what rates.
- Courts have historically approved the local use of ad valorem taxes pursuant to delegations of state police powers without federal interference. *San Antonio Indep. Sch. Dist. v. Rodriguez*, 411 U.S. 1, 40 (1973).



# Modern Role of Local Ad Valorem Taxes

- Traditionally, municipalities have used revenues from ad valorem taxes to fund multiple local programs, including public health/health care services.
- Over decades, however, traditional uses of ad valorem taxes to fund local public health/health care programs began to wane due to local politics, tax reforms, public health de-structuring and reorganization, and other factors.
- Still, lawful authority to use local ad valorem taxes to finance public health services remains in many jurisdictions.



# Modern Role of Local Ad Valorem Taxes

- **Oklahoma** statutory law authorizes counties to levy ad valorem taxes to fund local health departments. 63 Okl.St. Ann. § 1-223.
- **Kentucky** public health laws authorize the use of special ad valorem public health taxes, as well as the creation of county public health taxing districts. KRS § 212.725, § 212.750.
- Examples of other states that statutorily authorize counties to levy ad valorem property taxes for public health purposes include **Alabama, California, Florida, Missouri, Mississippi, and South Carolina.**



# History

- Taxes based on property ownership date back to ancient times.
- Modern property tax system dates back to Britain in the 14<sup>th</sup> and 15<sup>th</sup> century where ownership of property was used to estimate taxpayer's ability to pay
- History of Ad Valorem taxation in U S has roots in the early 1800's (1<sup>st</sup> IL, 2<sup>nd</sup> MO, 3<sup>rd</sup> TN)

# Relevance

- 72% of local government tax revenue is from property taxes
- 45% of total local revenue is from property taxes
- However, 38% of respondents to a Tax Foundation survey said that the property tax is the worst of all taxes



# *Mississippi Delta Region: 8 States*

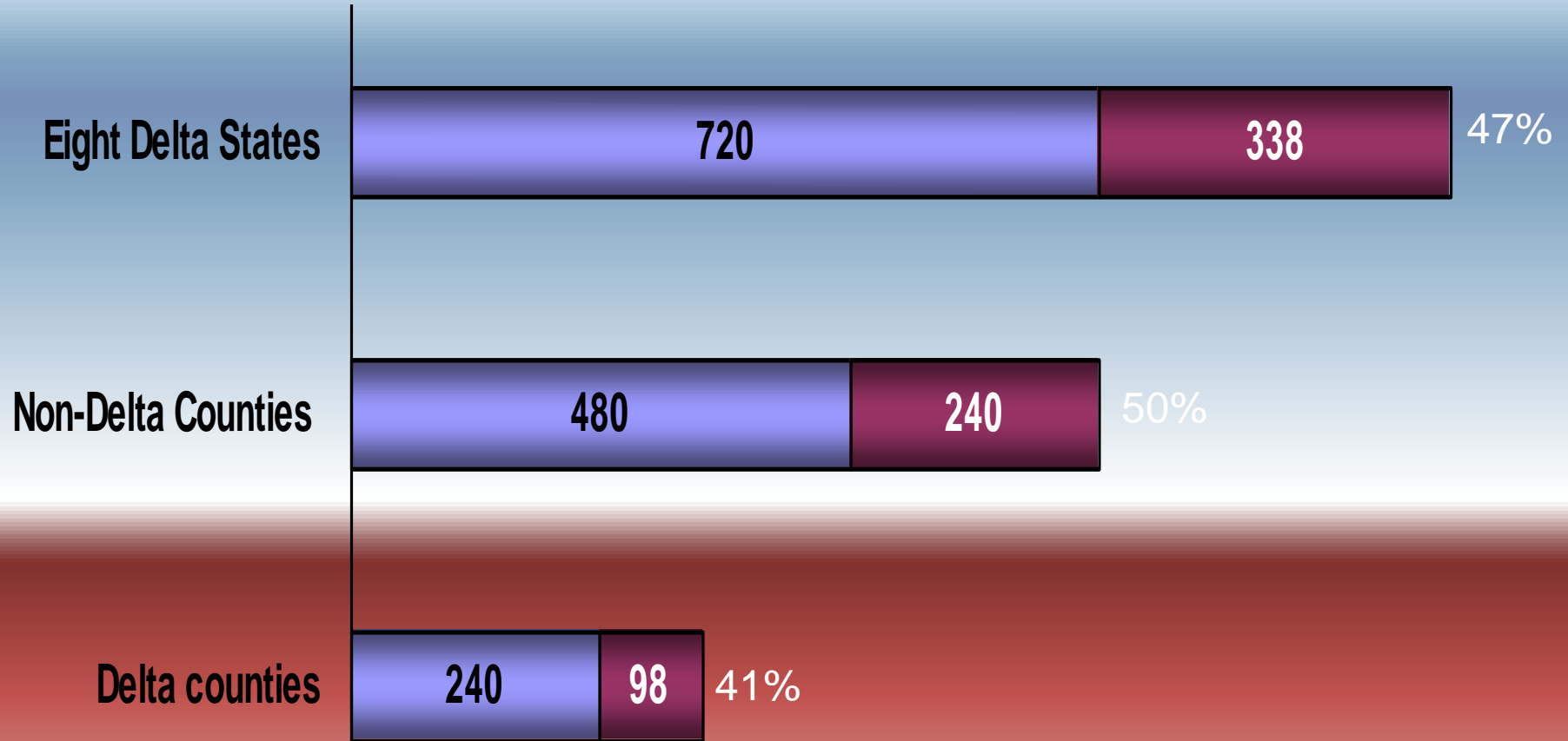


# ***MS Delta Region***

***720 Total Counties***

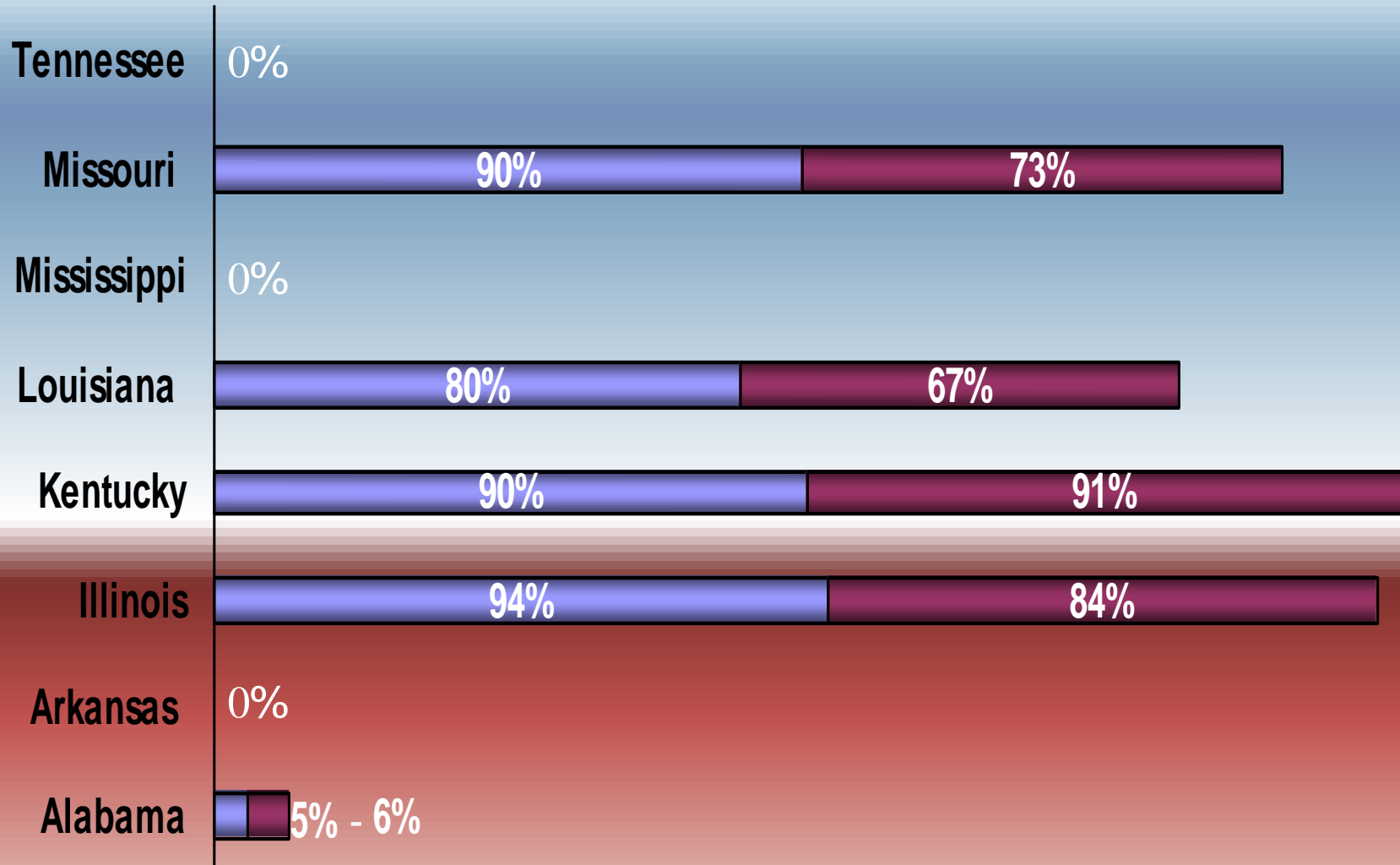
***240 Delta Counties***

# Property Taxes for Public Health in the MS Delta Region



■ # of counties ■ # of counties with a tax

# State Data



■ % Delta with a tax ■ % Non-delta Co with tax

# Millage Rates

	<b>2005 Lowest Millage</b>	<b>2005 Highest Millage</b>
<b>All counties with a tax</b>	<b>0.06</b>	<b>5.0</b>
<b>Delta counties with a tax</b>	<b>0.1667</b>	<b>5.0</b>
<b>Non-Delta counties with a tax</b>	<b>0.06</b>	<b>3.97</b>

# State Rankings

<b>State</b>	<b>Per Capita Public Health Property Tax</b>	<b>Rank</b>
Alabama	\$7.52	4
Arkansas	<b>\$0.00</b>	-
Illinois	\$6.92	5
Kentucky	\$14.93	1
Louisiana	\$8.31	3
Mississippi	<b>\$0.00</b>	-
Missouri	\$14.15	2
Tennessee	<b>\$0.00</b>	-

<b>State</b>	<b>Per Capita Public Health Property Tax</b>	<b>Rank</b>	<b>Statutory Authority to levy a tax</b>
Alabama	\$7.52	4	<p>Authority for counties with populations over 600,000 to dedicate 2% to 6% of all ad valorem tax collections</p> <p>All counties have authority to levy ½ of 1 per centum per annum</p>
Arkansas	\$0.00	-	<b>No authority</b>
Illinois	\$6.92	5	Authority for \$0.10 per \$100 of assessed property value provided that the Board of Health was created by a county wide referendum
Kentucky	\$14.93	1	State authority to levy and if no levy must report annually the amount allocated to public health from the general fund
Louisiana	\$8.31	3	Authority to levy for building and maintenance
Mississippi	\$0.00	-	Authority to levy for county and district LHD's but do not levy and collect
Missouri	\$14.15	2	State authority under RSMo Chapter 25
Tennessee	\$0.00	-	<b>No authority</b>

# % of Total Local Property Taxes

	Per Capita Public Health Property Tax	Per Capita Local Property Tax Collections	Public Health % of Local Property Tax
Alabama	\$7.52	\$343	2.2%
Arkansas	<b>\$0.00</b>	\$222	<b>0%</b>
Illinois	\$6.92	<b>\$1,460</b>	.5%
Kentucky	<b>\$14.93</b>	\$425	<b>3.5%</b>
Louisiana	\$8.31	\$529	1.6%
Mississippi	<b>\$0.00</b>	\$661	<b>0%</b>
Missouri	\$14.15	\$806	1.8%
Tennessee	<b>\$0.00</b>	\$654	<b>0%</b>

# Comparisons to School Property Tax

State	Per Capita Public Health Property Tax	Per Capita Local Property Tax Collections	Per Capita School Property Tax	Public Health % of Local Property Tax	School % of Local Property Tax
Alabama	\$7.52	\$343	\$171.31	2.2%	49.9%
Arkansas	\$0.00	\$222	\$101.87	0%	45.9%
Illinois	\$6.92	<b>\$1,460</b>	<b>\$864.55</b>	.5%	59.2%
Kentucky	<b>\$14.93</b>	\$425	\$270.70	<b>3.5%</b>	<b>63.7%</b>
Louisiana	\$8.31	\$529	\$201.47	1.6%	38.1%
Mississippi	<b>\$0.00</b>	\$661	\$296.70	0%	44.9%
Missouri	<b>\$14.15</b>	\$806	\$511.91	1.8%	<b>63.5%</b>
Tennessee	<b>\$0.00</b>	\$654	\$0.00 (DSD) <sup>1</sup>	0%	0% (DSD) <sup>1</sup>

1. Dependent School Districts are funded from county/district general funds. This research only examined public health and school district dedicated property tax revenue.

# Summary

- **The % of counties with a dedicated property tax for Public Health was higher in Non-Delta counties**
- Arkansas and Tennessee do not have authority to levy property taxes for public health
- Mississippi has authority but does not levy and collect a tax for public health
- The use of the dedicated property tax funding is restricted in Louisiana
- Kentucky has the largest participation by counties in the property tax system to fund public health and the highest per capita collection
- The range in millage rates in 2005 was from 0.06 to 5.0
- Per Capita school property tax collections ranged from 38.1% to 63.7% higher than public health collections.
- States with the largest gaps between school and public health taxation had the highest per capita public health taxes

**Next....Part III**

**THANK YOU!**

